

CHAPTER 11

SECTION 8.2

PROFESSIONAL REVIEW ORGANIZATION (PRO) ADMISSION AND QUALITY REVIEW ACTIVITIES

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I. BACKGROUND

On October 1, 1987, TMA implemented a DRG-based payment system for most admissions to short-term acute-care hospitals. A critical component of the payment system is the admission and quality review system to be conducted by Professional Review Organizations (PRO). This review is to be conducted in conjunction with the current PRO activities under Medicare, and TMA is pursuing arrangements with the Health Care Financing Administration to do so. In the interim, all admission and quality review activities for claims paid under the TRICARE/CHAMPUS DRG-based payment system, will be conducted by a single nationwide review contractor under contract with TMA.

II. POLICY

A. The objectives of the review system are:

1. To ensure that the services provided are reasonable and necessary for the care or treatment of the particular patient and are provided at the appropriate level.
2. To ensure the medical necessity of individual hospital admissions for which DRG reimbursement is applicable.
3. To validate the diagnoses and procedural information submitted to contractors on individual claims which determines TRICARE/CHAMPUS reimbursement.
4. To identify patterns of inappropriate admissions, discharges, or other practices which indicate abuse, including and intent to circumvent the TRICARE/CHAMPUS DRG-based payment system.

B. Review will be conducted by the review contractor in accordance with the requirements of the contract between the review contractor and TMA. See the [ADP Manual, Chapter 7](#), for contractor responsibilities for this review.

III. EFFECTIVE DATE

All admissions occurring on or after October 1, 1987, and which are reimbursed under the TRICARE/CHAMPUS DRG-based payment system are subject to this review. The effective date of the review contract is November 25, 1987.

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